

OFFICE OF THE GOVERNOR
BUDGET AND PROGRAM PLANNING
STATE OF MONTANA



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Dear Board of Education Members:

The Board of Education (BOE) has a constitutional requirement (Article 10, Section 9) to provide the Governor with a unified budget. To that end, the Governor's Office of Budget and Program Planning (OBPP) staff prepared a web-based tool to help you meet this requirement. This is to allow increased communication and be an effective and efficient to communicate the Unified Budget information to the Board. We're engaging in our first effort at distance learning!!!

This document has come directly from the education agencies without any adjustments by OBPP. OBPP received initial budget requests from all state agencies for the Executive Planning Process (EPP) on May 1st.

This website <http://mt.gov/budget/UnifiedBud2009.pdf> is a compilation of the budget request submissions by the following educational agencies (Section E) as of this date:

- Montana University System
- Office of Public Instruction
- Board of Public Education
- Montana School for the Deaf and Blind
- Montana Arts Council
- Montana Historical Society
- Montana State Library

The website information

The site is largely the product of the Montana Budget and Reporting System (MBARS) Executive Planning Process module. It reports the anticipated increases and justifications for the above agencies.

The agency requests for present law adjustments and new proposals, along with the justifications and priority orders are a reflection of the educational agencies' budget submissions. The requests, (present law versus new proposals), or amount of the requests do not necessarily reflect the view of OBPP. OBPP is currently evaluating this data to determine what will become part of the Executive Budget.

The MBARS data has been entered into a more user friendly document. The high level request data has been hyperlinked to the agency justifications.

The site also contains charts that show the base, present law adjustments and new proposals that were prepared by the OBPP.

Note: Montana University System Requests – May Not Be Final

The Board of Regents Budget Committee met on Wednesday, May 17th to review one-time-only (OTO) budget requests. Recommendations for some changes will be made to the full board meeting starting on May 31st in Havre.

OBPP will update this web-based unified budget if the MUS submits a new version of EPP in MBARS.

Key Dates

May 23rd Unified Budget Requests posted to OBPP website

May 23 – June 12th: Questions and Answers – Time for BOE and agency staff to review the budget information and call or e-mail your questions about the compilation of educational agency requests to Nancy Hall (nhall@mt.gov) by June 12th.

June 19th OBPP will post questions and answers on the website.

June 27th **Budget Subcommittee Conference Call** – OBPP has scheduled a conference call for education agencies, BOE Budget Committee and other BOE members who want to participate on June 27th from 3:30 to 5:00. The conference call will be in room 250 of the state capitol or you may request to call in. Please send an e-mail message and phone number to Nancy Hall (nhall@mt.gov) or phone (444-4899), if you plan to attend or call in. Nancy will then send you information with a phone number and password to call in for the meeting.

July 13th Board of Education Meeting – A Unified Budget will be prepared for the full BOE meeting scheduled for July 13th at Flathead Valley Community College.

Background:

Smaller Educational Units assigned to the Board of Education

The following statutes show the association of the smaller educational units with the BOE

School for the Deaf and Blind

20-8-101. Montana school for deaf and blind -- state-supported special school The school for the deaf and blind...shall be conducted as a separate and independent unit and institution of the state of Montana under the general supervision, direction, and control of the board of public education.

State Library, Montana Historical Society, and Arts Council

2-15-1511. Agencies allocated to state board of education. The state historical society, the Montana arts council, and the state library commission are allocated to the state board of education for purposes of planning and coordination. Budget requests to the state for these

agencies shall be included with the budget requests of the state board of education; however, the governance, management, and control of the respective agencies shall be vested respectively in the board of trustees of the state historical society, the Montana arts council, and the state library commission.

Definitions

Biennial budget change

Biennial change is the way most citizens think about changes in the budget. For example \$X was appropriated last biennium and $\$X + \Y is recommended for this biennium where \$Y is the change that is discussed most frequently.

Base Budget

Statue requires that the Governor submit his budget as changes from the "Base". The legislature begins its deliberations at the Base. The Base is the expenditures in fiscal year 2006 with adjustments for appropriations labeled by the previous legislature as "one-time-only". For example, the legislature appropriated \$300,000 for Distant Learning Initiative - one time only. This appropriation will be eliminated from the base prior to the legislature taking any action.

Present Law Base

Present Law Base changes take positive motions during the legislative process to change the expenditure level from the Base. Present Law Base changes fund the same programs that were approved by a previous legislature into the next biennium. Enrollment increases or decreases are Present Law Base changes. Other examples are the annualization of the pay plan from the previous biennium, and inflation for certain expenditure accounts such as natural gas, electricity and library books.

Present Law Base items are not a matter of policy, but one of technical budget analysis. The cost figures for Present Law Base adjustments usually change between now (May 2006) and the final budget (November 15, 2006), as better information is available and more accurate projections can be made.

New Proposals

New Proposals are items that were not approved or not considered by a previous legislature. All formal budget items for New Proposal changes will be presented as increases or decreases to the Present Law Base. Usually there will not be a difference between the Base adjustment and Biennial adjustment for New Proposals since these differences are usually adjusted for under Present Law Base.

Federal and Proprietary Revenue

OBPP has not presented to the Board of Education changes in Federal revenue in the budget documents. Generally, increases in expenditures funded by Federal and proprietary sources, which have no impact on state funding, are accepted by the state and non-controversial. The official budget documents in MBARS have federal program changes included in them.

Reconciling Base Adjustments and Biennial adjustments

The following section explains how to reconcile the "biennial adjustments" and the "base adjustments". In general, base changes are greater than biennial changes, because costs

generally increase over time.

Example: facilities payment equalization began at \$3.5 million in FY06 and increased to \$4.0 million in FY 07.

	<u>Appropriated</u>	<u>Biennium</u>	<u>Biennial Adjustment</u>
FY 06	\$3.5		
FY 07	\$4.0		
07 Biennial Total		\$7.5	
09 Biennial increase			\$0.5 (increase from 07 biennium)
09 Biennial total Present Law		\$8.0	

	<u>Present Law Base</u>	<u>Base Adjustment</u>
Base (06)	\$3.5	
FY 08	\$4.0	\$0.5 (increase from FY06)
FY 09	<u>\$4.0</u>	\$0.5 (increase from FY06)
09 Biennial total	\$8.0	\$1.0 (add FY08 & FY 09 Adj.)

OBPP Contacts

If the BOE has questions regarding the budgeting process or the current status of any proposal during the development of the 2009 Biennial Budget feel free to contact Mark Bruno (444-4588) mabruno@mt.gov or Nancy Hall (444-4899) nhall@mt.gov .

Respectfully submitted,

Mark Bruno and Nancy Hall
Office of Budget and Program Planning

Cc: Linda McCulloch, Superintendent of Public Instruction
Steve Meloy, Board of Public Education
Sheila Stearns, Commissioner of Higher Education
Mark Baumler, MT Historical Society
Steve Gettel, MT School for the Deaf and Blind
Arlynn Fishbaugh, MT Arts Council
Darlene Staffeldt, MT State Library
Jan Lombardi, Governor's Office